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Project 5-147

Part II
Weekly



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Decision of Soviet Party Plenum on

Basic Changes in Economic Management

A radical restructuring of Soviet economic administration along regional lines appears imminent, according to recommendations contained in a decision of a party plenum addressed by Khrushchev and reported 14 February. The economic implications of this proposed change are more far-reaching than the drastic administrative reorganization of March 1953.

Khrushchev reiterated the goal of rapidly overtaking and outstripping capitalist per capita production. He mentioned overfulfillment of the 1956 plan, but emphasized the problem of sharp improvement in industrial planning and management to achieve the 1960 goals. This can be accomplished, he continued, only by a drastic reorganization of the apparatus of economic management.

Khrushchev underlined weaknesses in the present organization of the

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economy. The specialized departmental approach of industrial ministries inhibits on-the-spot cooperation between enterprises of various industries, frequently makes it impossible to utilize materials, personnel, and finances expeditiously, and discourages full mobilization of local resources at the producing level. While acknowledging the importance of specialized ministries during the transition of the economy from rehabilitation to extensive industrialization, he indicated the need now for more flexible economic management.

During the past several years Soviet leaders have stressed the expansion of the economic authority and responsibility of the local producing levels in order to enhance initiative, improve administration and to achieve more efficient utilization of resources. The leaders reorganized a number of all-union ministries into union-republic, abolished some ministries and have transferred almost 40,000 enterprises from national to republic jurisdiction, and they have taken steps to enlarge the authority of enterprise managers. The leaders have also emphasized the need for

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greater cooperation among the producing ministries and their enterprises and have advocated greater specialization of production by individual enterprises.

The Plenum decision, however, discloses the inadequacy of these previous steps. It appears probable that a new economic headquarters within each region will receive broad administrative powers over economic activities. It is likely, too, that some central ministries may be reorganized or, perhaps, abolished. The decision does not specify whether present republic capitals will be used or whether new administrative agencies will be created to supervise present or restructured economic regions. An article in Planovoye Khozyaystvo (no. 6, 1956) on regionalization, however, suggests that the new regions under consideration may well involve complete re-drawing of regional lines and the establishment of entirely new economic headquarters. Existing local government and party organs may be expected to participate more effectively in coordination, administration, and mobilization of local resources for economic activity.

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~~Apert~~ From these measures, central planning is to be strengthened by further reorganization and streamlining of the long-term and current planning agencies. Central management of technological development is to be accomplished by the creation of an agency to augment the State Technical Committee. The new agency is to study technological developments in the USSR and abroad and recommend applications to Soviet industry.

Central control over plan fulfillment is to be sharpened by improving the reporting and reviewing of production statistics and by strengthening the central and regional State Control ministries.

Khrushchev's speech thus reiterates basic Soviet goals, but recognizes that present managerial methods are inadequate to solve problems of the increasingly intricate and maturing economy. The regime may thus restructure the managerial apparatus more along economic regional lines, and with less concern for political boundaries. The Plenum decision calls upon the Party Central Committee and the Council of Ministers to submit "concrete proposals" for the implementation of the outlined objectives, probably to be announced at the next session of the Supreme Soviet.